A National Dialogue:

The Secretary of Education's Commission on the Future of Higher Education

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March 20, 2006

I would like to thank the Commission for the opportunity to participate in this important national dialogue.

I am Lawrence S. Bacow, president of Tufts University. Founded in 1852, Tufts is a vibrant, internationally recognized research university with campuses in Medford/Somerville, Boston and Grafton, Massachusetts and in Talloires, France. The university enrolls 9,276 (FTE) students with approximately 5,010 (FTE) in the undergraduate School of Arts and Sciences and School of Engineering. The remaining graduate and professional students are enrolled in the Graduate School of Arts and Sciences, School of Engineering, School of Medicine, School of Dental Medicine, the Fletcher School of Law and Diplomacy, the Gerald J. and Dorothy R. Friedman School of Nutrition Science and Policy, and the Cummings School of Veterinary Medicine. In addition, Tufts' University College of Citizenship and Public Service infuses active citizenship in teaching, research and learning across the curriculum of all of the university's schools.

The United States is blessed with approximately 4,000 colleges and universities that come in all sizes, flavors, shapes and forms and are distributed across the nation. Our institutions compete for students, faculty, staff and resources. This competition, which really is unique within higher education globally, breeds extraordinary innovation in the curriculum and in research, and has resulted in a higher education system that is the envy of the world. I would ask the Commission, in the course of your deliberations, that you <u>not</u> recommend changes to the system that would stifle in any way or inhibit this healthy form of competition, either by attempting to regulate the process or by attempting to impose uniform or common standards such as exist in many other nations around the world. Higher education in the U.S. is a national treasure, exactly because of the diversity of institutions, competition and innovation that it enjoys.

Last month, at the annual meeting of the American Council on Education, I chaired a session for chancellors and presidents that focused on 'what keeps us awake at night.' I found that I am not alone in my worries about the cost of education and about access to higher education, especially among the neediest in our society. My own institution, Tufts, is breathtakingly expensive. Tuition, room and board, and fees totaled $42,018 this academic year. At the same time, I believe a Tufts education is a wise investment. We provide substantial financial resources to those who come to Tufts to study, and we guarantee that if we admit a student, we will provide sufficient financial aid so that the student will be able to attend, regardless of the parents' ability to pay. The average Tufts financial aid award is in excess of $25,000 per year. We also are committed to raising sufficient financial resources so that we can make this offer to every serious student who applies and is admitted.

I must confess a personal bias which affects my concern about access. Both of my parents were immigrants – refugees, in fact. There are few countries in the world that provide the kind of opportunity that I and many others have enjoyed, where people can go literally in one generation from having only the shirts on their backs to being able to achieve at virtually any level of our society. While there are many factors that contribute to this opportunity in our country, I believe that higher education is a key component.

I would like to speak as an economist on the issue of cost in higher education. Usually, the competition that I referred to previously, in most other industries, has the effect of driving costs down. Companies compete to be profitable, and typically the lowest cost provider has a competitive edge. In higher education, in some instances, competition has the effect of driving costs up. Students and their parents are looking for smaller class sizes, not larger classes. They are looking for more student / faculty contact, not less. They are interested in more hands-on learning, not in rote lessons delivered in a lecture hall shared by 300 people. They want increased interaction between faculty advisors and students. The pressure for smaller class sizes and more personal contact, from an economic standpoint actually reduces faculty productivity. Productivity, remember, is measured by output per hours worked, so the fewer students a faculty member teaches, the lower the productivity. I do not think smaller class size and more student-faculty contact is bad. I think these trends produce an educational output that is unique and

outstanding, but it is an educational output that is also expensive. We try to offset this expense through financial aid and careful management of costs that do not affect educational quality. But many of these costs are also beyond our immediate control. Approximately 65% of Tufts' budget consists of labor costs, and we compete for faculty and staff in a very competitive and expensive market. Similarly, we are subject to rising energy costs and health care costs like other service businesses. This year Tufts will bear an extra $5.1 million for incremental energy costs alone. To put this number in context, it is the distributable income on $100 million of endowment.

In the 2005-2006 academic year, Tufts awarded just more than $35 million in need-based undergraduate grants funded by the institution. Our total undergraduate financial aid budget (including loans) is $63 million. The true net cost of attending Tufts for those students receiving financial aid (the cost that a family actually pays after factoring in grants), has basically kept pace with the rate of inflation over the last ten years or so, and I believe this statement is true for most institutions similar to ours. What I think is unfortunate however, is the growing number of institutions that devote scarce financial aid resources not to those who need it most, but rather to those who would attend college under any circumstances. I speak of merit aid – financial aid that is awarded to students simply because they are at the top of their high school graduating class, or because they have scored well on standardized tests. These students are going to attend colleges – very good colleges – regardless of whether merit aid is provided. It is far from clear to me how society is better off when scarce financial aid resources are diverted from the neediest students to those who are not needy by any measure, simply to redistribute high scoring students among our institutions.

Tufts University is committed to expanding access to higher education for those who demonstrate need. Indeed, we realize that the diversity of our community will be strengthened by broader student representation across the socio-economic spectrum. Our Board of Trustees has embraced the goal of becoming need-blind in admissions, and raising the resources to achieve this goal is the top priority of Tufts' upcoming capital campaign. It will take an additional $200 million in endowment for scholarships for Tufts to be able to admit students regardless of their ability to pay. We are on our way. Since July 1, 2002, we have raised nearly $43 million for financial aid. This total includes two successful challenge gifts of $5 million

each, which combined with other donor contributions have raised $16 million to benefit traditionally under-represented students.

The College Board's report *Trends in Student Aid: 2005* signals some troubling shifts in student financial aid, where merit-based awards are growing in share among state grants, and merit aid likewise is being used within segments of the private sector of higher education to influence enrollment by students whose families fall into the highest income quartile. Middle and upper income families also benefit most from current federal tuition and fee tax deductions. I encourage the Commission to re-focus attention on our students whose need is greatest, and help ensure that their access to higher education and their opportunity to achieve their potential is expanded, in the great tradition of this nation. I urge the Commission to recommend experiments to determine the effectiveness of increasing Federal support for our neediest students. For example, consider doubling the Pell Grant for a small number of students to see how the increase affects access.

The third point I would like to make has to do with the role of higher education in preparing our students for society. This Commission appropriately is concerned with how colleges and universities educate students for the 21st century workforce. You have focused on how we are preparing the next generation of scientists and engineers, and about the role of research institutions like Tufts in generating new knowledge for the benefit of society. However, I would like to suggest that we have a far broader role than merely training our students to be a skilled workforce for our nation's employers.

Colleges and universities historically have been places that prepare students to play important roles as active citizens in our democracy, in helping students to develop the critical reasoning skills that will allow them to participate effectively in public debates about the great policy issues of our time. Like many others, I am concerned about the quality of public discourse in this nation over important issues, sometimes scientific issues like climate change, but also important issues of public policy – for example, the future of the Social Security system or universal access to health care. Our institutions should be motivating students to become active, engaged and effective citizens in the communities they will inhabit. This is the role of a liberal education, not just to convey knowledge, but to convey values also, to encourage our students to

get involved and not sit on the sidelines. When I speak of communities, I do not mean merely our neighborhoods. I speak of our professional, religious and social communities, indeed the entire social fabric that makes a democracy work and makes a society possible.

At Tufts, education for active citizenship is a core value, a passion whose expression takes a variety of forms. For example, among universities of our size, Tufts regularly ranks at the top for the number of alumni active in the Peace Corps. Our medical students and faculty travel to impoverished areas to offer residents treatment and health education. Tufts participates in Open CourseWare in collaboration with MIT and several other universities, bringing our curricular strengths in the life sciences and international relations to teachers, students and curious others world-wide, via the Internet. Tufts' School of Dental Medicine offers free clinical services to victims of domestic violence. The largest undergraduate student organization at Tufts, the Leonard Carmichael Society, engages thousands of students and host community members each year in programs dedicated to community service. Over the winter break, 100 Tufts students volunteered in Mississippi in Hurricane Katrina relief efforts, clearing parks and homes of debris. Earlier this month, a Tufts undergraduate convened in Spain a remarkable gathering of former political and military leaders from Nicaragua, El Salvador and Guatemala to discuss lessons learned from the Central American peace process. I could go on and on, because there are so many examples of Tufts students, faculty, staff and alumni engaged in efforts locally and globally to make the world a better place.

This nation is investing a tremendous amount in order to make democracy work abroad. I think it is equally important, that as you think about higher education, as you try to understand the contribution that our institutions make to society, that you focus also on the role we have to contribute to making democracy work at home.

Thank you again for the opportunity to contribute to this dialogue.